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THE DURANGO HERALD

Upper Animas plan first of its kind

Mining co., state reach cleanup compromise

By Electa Draper
Herald Regional Editor

Sunnyside Gold Corp. reported Friday it has reached a landmark compromise with the state to clean up several long-abandoned mine sites it doesn't own in the Upper Animas Basin. By doing so, Sunnyside can seal up its own mine, wrap up reclamation and exit the basin in a few years.

Sunnyside Manager Bill Goodhard said the company has agreed to remove mine tailings at Boulder Creek, Pride of the West, Koehler Longfellow and other sites near Silverton, where property owners reportedly cannot be held accountable — for lack of resources or other reasons. These old mines still load heavy metals into area creeks and the Animas River.

If all goes according to plan, Sunnyside's anticipated improvements in water quality at these sites will offset any problems attributable to closure of its own mine, thus freeing the company of any future liability because of it.

The last of San Juan County's big operations, Sunnyside Gold Mine shut down in 1991 after producing gold and other metals off and on since 1872. About two years ago, the last operator of the mine, Sunnyside Gold Corp., began its final phase of reclamation, plugging four mine tunnels with steel-reinforced concrete to divert water flowing out of mine portal into natural channels.

The state Mined Land Reclamation Board granted Sunnyside Gold Corp. a permit in 1993 to hydraulically seal its mine. But the company and the Colorado Department of Public Health and Environment disagreed on the nature of seeps and springs likely to form after the American

Tunnel was plugged and the mine flooded with water. Should any new springs be considered point-source discharges of pollution and subject to permits?

Sunnyside sued the department in May 1994 to prevent it from requiring new discharge permits.

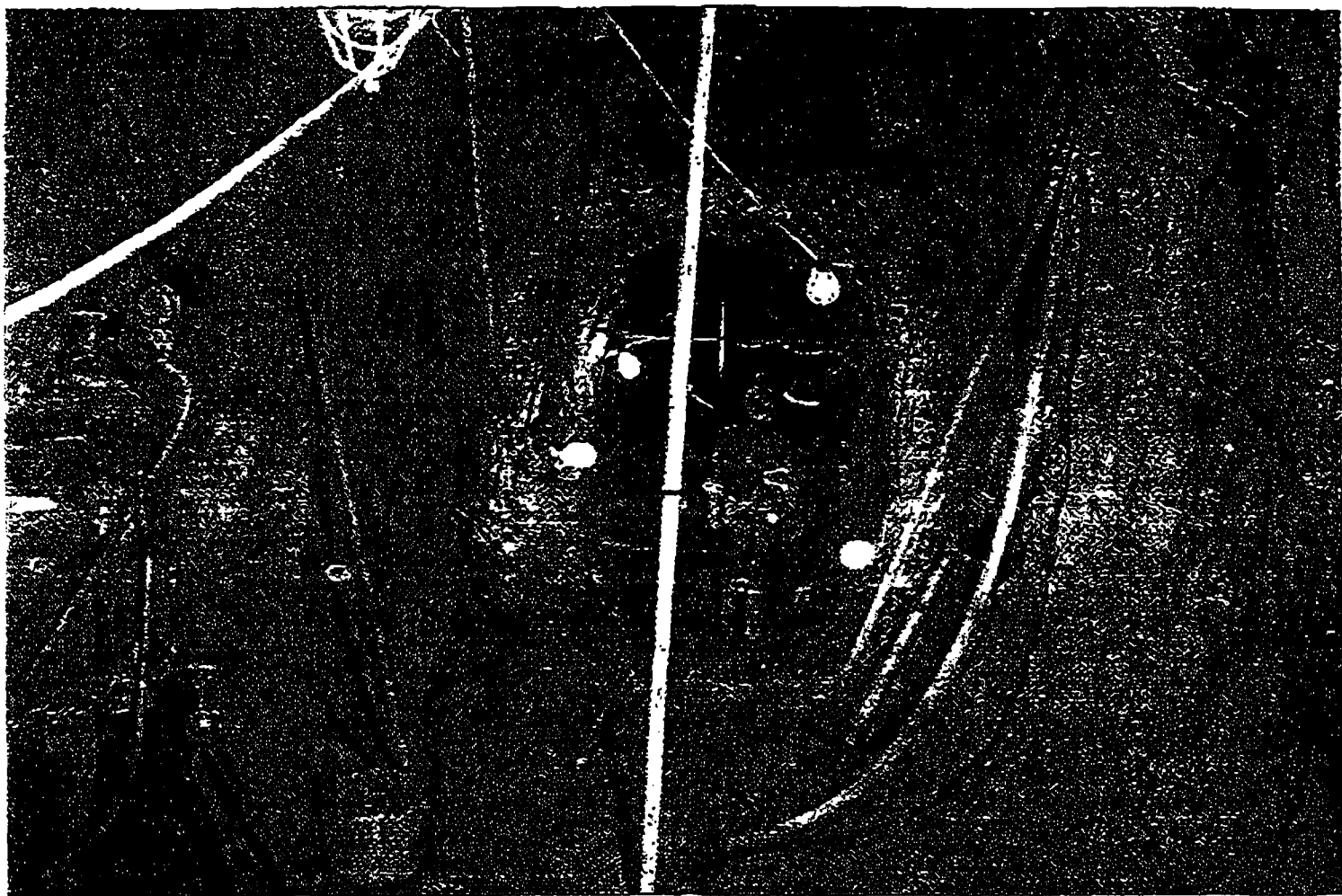
"The Health Department had sought to hold Sunnyside liable for the effects of restoring the pre-mining groundwater conditions," the company stated in a press release Friday. "Sunnyside sued to get clarification of the state's enforcement of water quality rules. ... The lawsuit would have resolved the apparent differences between the two state agencies' reclamation directives."

Instead, Sunnyside and the Water Quality Control Division of the Health Department reached a settlement — substitute remediation of several trouble sites outside of Sunnyside's operations. The settlement reportedly is under review by the attorney general's office, and a court-ordered consent decree must be obtained to make it

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SUNNYSIDE GOLD Corp. workers, above, in 1994 prepared the American Tunnel of the Sunnyside Gold Mine for plugging. Some 20 tons of reinforced concrete were used to create a 150-foot-long hydraulic seal, shown below, deep within the

SPECIAL TO THE HERALD/SCOTT S. WARREN
two-mile tunnel. When valves are closed in the next few months, the seal will greatly slow the flow of mineral-laden water at the tunnel's portal but could create springs and seeps in other areas.



final.

Animas Watershed Coordinator Bill Simon, who works for a consortium of private and government interests called the Animas River Stakeholders, said the settlement is "chancy, but we've got to go for it."

"This may not be the best we could hope for, but it may be the best we're going to get," Simon said. "It's a negotiated settlement. It's a new way of doing things."

Simon said the settlement might not improve basin water quality, but it should help prevent worsening contamination by heavy metals, such as iron, zinc, manganese and aluminum.

Sunnyside, which is one of the Animas Stakeholders (along with environmental interests and local

state and federal agencies), has spent almost \$10 million on reclamation at the Sunnyside Mine and Mayflower Mill. It expects to spend \$5 million to \$10 million and two years on reclamation required in the settlement.

Sunnyside is a wholly owned subsidiary of Denver-based Echo Bay Inc., a large gold producer with mines in the United States and Canada. Echo Bay purchased the Sunnyside property in 1985 through bankruptcy proceedings for Standard Metal. It put the mine back into production from 1985 until 1991, when "economically viable gold deposits played out the base metals market would no longer support the cost of operations."

UPPER ANIMAS SETTLEMENT

Sunnyside Gold Corp.'s success

will depend on the Upper Animas River Basin can be measured in many ways before its confluence with Mineral Creek and downstream of Silverton. The concentration of dissolved zinc will be the water quality indicator.

Water quality might not improve but it may not deteriorate.

Sunnyside first will close the water in its sealed mine. After that, it will divert and treat water from Cement Creek at an existing plant or provide a water quality cutoff for the Animas where other cleanup work gets under way.

Sunnyside next will complete the project on the A-1 test, which includes the Sunnyside Mine with its own water in contact with the river. Following the mine, water runs at the south end of Cement Creek, then through a series of small, sealed mines. Sunnyside has a series of small mines and a large mine, the Gold King Mine, which is the largest and most complex. It is the largest and most complex mine in the area, with a long history of mining. It is the largest and most complex mine in the area, with a long history of mining.

Sunnyside owns, or is a part owner of, many of the properties that are in the area. It is the largest and most complex mine in the area, with a long history of mining.

Water quality criteria

will meet Sunnyside's own criteria. The project on the A-1 test includes the Sunnyside Mine with its own water in contact with the river. Following the mine, water runs at the south end of Cement Creek, then through a series of small, sealed mines. Sunnyside has a series of small mines and a large mine, the Gold King Mine, which is the largest and most complex. It is the largest and most complex mine in the area, with a long history of mining.

Once the project is completed, the state will monitor the water quality. Sunnyside will close the water in its sealed mine. After that, it will divert and treat water from Cement Creek at an existing plant or provide a water quality cutoff for the Animas where other cleanup work gets under way.

If the agreement is prematurely terminated, Sunnyside and the state will have to return to court. Sunnyside will have to return to court to get a court order to close the mine. Sunnyside will have to return to court to get a court order to close the mine. Sunnyside will have to return to court to get a court order to close the mine.

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